

SYNTEX (U.S.A.) INC.
3401 HILLVIEW AVENUE, P.O. BOX 10880
PALO ALTO, CALIFORNIA 94303

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Syntex-Verona
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Incineration
RDI 5-2-88
ENVIRONMENTAL AND ADMINISTRATIVE LAW
LEGAL AFFAIRS DIVISION

May 2, 1988

Morris Kay
Regional Administrator
U.S. Environmental Protection Agency
Region VII
726 Minnesota Avenue
Kansas City, Kansas 66101

Dear Mr. Kay:

I am writing on behalf of Syntex Agribusiness, Inc., (Syntex) to propose a mechanism for resolving outstanding issues relating to the incineration of Syntex materials from the Verona and Springfield facilities in the U.S. Environmental Protection Agency (EPA) Mobile Incineration System (MIS). We believe that this proposal is consistent with the mutual desire of the EPA and Syntex to avoid the expense and delay inherent in taking the MIS out of service.

The purpose of this letter agreement is to allow the prompt incineration of certain materials associated with the Verona facility, to commence promptly following the completion of the Springfield Scoping Burn. These materials (Verona Materials), which are described in Attachment A to this letter agreement, consist of materials generated during the NEPACCO hexachlorophene process. Once the Verona Materials have been incinerated and delisted in accordance with all applicable Federal and State requirements, the EPA could commence incineration of certain materials supplied by other sources. Throughout this time, (while the Byers Warehouse pesticides are being incinerated), the parties would continue to negotiate in good faith to enter into a Phase II Agreement that would govern the subsequent incineration in the MIS of the Springfield sludge, soil, and other materials within the time limitations of the current RCRA permit.

We propose that the following provisions of the EPA/Syntex Phase I MIS agreement dated October 31, 1984 (Phase I Agreement) be incorporated by reference into this letter agreement:

Paragraphs 1 (A, B, C, G, H, I, J, K, and M.); 2 (B, E, F, and G.); 7; 8; 10; 12; 13 (except for the use of the term "warrants"); 15; 17; 18; 19; 21 (to the extent any provisions therein are incorporated by reference in this agreement); 22; and 23.



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SUPERFUND RECORDS

The Phase I Agreement remains in full force and effect as to materials other than Verona Materials (which were originally defined as Phase II Material in the Phase I Agreement).

Our proposal also includes the following elements:

1. The soil from the Verona facility will be excavated in accordance with an Excavation Plan to be developed by Syntex and approved in advance by EPA.

2. In consideration for the use of the MIS, Syntex will reimburse EPA for allowable costs (as defined in the Federal Acquisition Regulations, Volume 1, Parts 1-51 and documented in accordance with Generally Accepted Accounting Principles) ("Allowable Costs") of its contractors and subcontractors for incinerating one time only the Verona Materials in the MIS in accordance with a mutually agreed-upon funding mechanism set forth in Attachment B. Syntex shall be entitled to have an On-Scene Observer as well as other appropriate Syntex personnel at the MIS at all times who shall have the right of reasonable access to the site, the MIS, and to the employees of EPA and EPA's contractors (including Enviresponse, which shall be substituted for IT Corporation in the Phase I Agreement for purposes of this proposal). In addition, EPA will make available to Syntex, at all reasonable times (including after completion or termination of incineration), all maintenance logs, all daily and weekly cost reports and compilations, as well as all appropriate documentation, bills, invoices and all other records relating to costs for which Syntex payment is requested. Notwithstanding the above, the parties agree that Syntex shall have no control or direction over the operations or activities of EPA or its contractors or subcontractors concerning the incineration of the Verona Material.

3. EPA warrants that the MIS is currently in good operating condition and is currently capable of safely processing the Verona Materials without shutdown for major maintenance or other reasons. Syntex shall bear the costs of any maintenance that is primarily attributable to the incineration of Verona Materials. EPA shall bear the costs of all other maintenance, primarily attributable to prior wear and tear, including without limitation fees, costs, or materials. In the event of a disagreement concerning Syntex' obligation to reimburse any maintenance costs, representatives of Syntex and EPA shall promptly confer and attempt expeditiously, and in good faith, to resolve the disagreement.

4. EPA will be responsible for ensuring that the Verona Materials are delisted in accordance with the provisions of the 1985 MIS delisting exclusion at 50 Fed. Reg. 30271. Syntex will be responsible for disposing of all delisted residues.

5. While EPA is not by this letter agreement waiving its right to cost recovery for response costs incurred pursuant to this letter agreement, not otherwise being reimbursed herein, it acknowledges that Syntex by its activities under the Phase I agreement and herein is making contributions in assisting EPA to remediate hazardous waste problems in the State of Missouri, including certain problems for which Syntex may not be a Potentially Responsible Party. EPA will provide the most comprehensive covenant(s) not to sue permitted by applicable provisions of law in favor of Syntex encompassing those areas of the Verona facility covered by the Verona Revised Remedial Alternatives Report and the Verona Record of Decision.

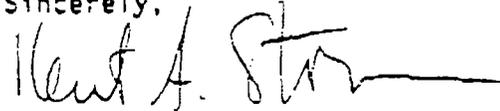
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6. EPA shall assure that all structures, fixtures, equipment, materials, supplies or other items used by EPA in Phase I, or hereunder, (as well as any of the Farm Site or the surrounding area that may become contaminated as a direct or indirect result of the activities of EPA or its contractors, subcontractors or agents during Phase I Activities, or hereunder, or preparations therefor) shall be Fully Decontaminated, cleaned, returned to the condition which they were turned over to EPA and any materials resulting from such decontamination and cleaning shall be removed.

7. Enviresponse will continue to pay applicable easement fees to the Denneys in accordance with the January 28, 1988 Subagreement, which fees will not be considered Allowable Costs hereunder. Syntex will take steps expeditiously to negotiate an easement arrangement with the Denneys permitting access to the Denney Farm Site for Verona Materials. Syntex will provide a copy of their executed easement agreement with the Denneys prior to delivery of Verona materials to the Denney Farm site.

8. Providing that a mutually satisfactory agreement can be reached between the parties, EPA will incinerate the Springfield sludge, soil, and other materials.

If this proposal is satisfactory, please execute this letter on behalf of EPA in the space below and return a copy of the letter for our files.

Sincerely,



Kent A. Stormer
Counsel for Syntex Agribusiness, Inc.

Agreed to this _____ day of _____, 1988 by:

Morris Kay
Regional Administrator
U.S. Environmental Protection Agency
Region VII

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ATTACHMENT A

VERONA MATERIALS

(Materials and Residues Remaining at Verona Site from the NEPACCO Process)

Dirt to be Excavated in accordance with the Record of Decision

TCB Sludge

Other Sludges

Decontamination Liquids

Uniforms/Misc.

Water Treatment Wastes

ATTACHMENT B

1. Not later than May 6, 1988 Syntex will forward a check in an amount to be determined by EPA, such determination to be made based on the volume of Verona Materials to be incinerated, to the following address:

Mellon Bank
One Mellon Bank Center
Room 1110
Pittsburgh, PA 15258-0001
ATTN: Nancy Hart
EPA-Superfund
P.O. Box 371003M

The transmittal letter should reference the Letter Agreement regarding the Verona, Missouri site.

This amount represents EPA's good faith estimate of the Allowable Costs of its contractors and subcontractors for incinerating the Verona Materials. EPA shall instruct its Contracting Officer to send to Syntex immediately by Federal Express copies of all invoices received from EPA's contractors and subcontractors relating to the incineration of Verona Materials. The Contracting Officer will ensure that only legitimate Allowable Costs which are applicable to this project are reimbursed after appropriate consideration of any comments from Syntex.

2. EPA shall have available sufficient funds to cover all costs that are not Allowable Costs, as well as for the maintenance for which it will bear the costs under paragraph 3 of the letter agreement.
3. Any funds remaining in the above-referenced account shall be returned to Syntex within forty-five (45) business days after final payment by EPA for work performed under this letter agreement.

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Mr. Kent A. Stormer
Administrative Environmental Manager
Counsel for Syntex Agribusiness, Inc.
3401 Hillview
Palo Alto, California 94303

Dear Mr. Stormer:

The letter agreement, Attachment B, dated May , 1988,
is amended as follows:

Syntex agrees to place \$750,000 in the account referenced in Attachment E.1. to pay allowable costs for incineration of Verona Materials. The \$750,000 figure is EPA's good faith estimate of the costs for incinerating the Verona Materials.

It is expressly understood that Syntex will add more money to the account if allowable costs exceed the \$750,000 amount. Notification will be given to Syntex by the Comptroller, EPA Region VII, when additional monies need to be added to the account. Until such monies are added, no further Verona Materials can be brought to the Denney Farm and no Verona Materials at the Denney Farm can be incinerated, in which event the Verona Materials will have to be returned to the Verona site at Syntex's expense.

Sincerely,

Morris Kay
Regional Administrator
Region VII

Agreed to this 6 day of May, 1988 by:



Kent A. Stormer
Counsel for Syntex Agribusiness, Inc.